

[REDACTED]
[REDACTED]
[REDACTED]
APR 11 1986

[REDACTED]
CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for recognition of exemption Federal income tax under Section 501(c)(4) of the Internal Revenue Code as a local association of employees.

The information submitted shows that you were formed under By-laws on [REDACTED].

As stated in your By-laws, your purposes are to develop a professional spirit and understanding of management as a profession; provide the opportunity for development of leadership and management skills through practice; provide an opportunity for exchange of ideas and information on management practices; encourage a spirit of unity and cooperation among all members and provide another means of communications between members, and the outside community.

Your membership consists of executives, managers and consultants of [REDACTED] or its subsidiaries. The area covered by your membership extends to the subsidiaries located in the [REDACTED] Region of the United States which is comprised of [REDACTED] states and the District of Columbia.

Your income is derived from corporate contributions, membership fees and interest. Your expenses consist of dinners and speakers and miscellaneous costs.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption of local association of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational or recreational purposes.

Section 1.501(c)(4)-1(b) of the Income Tax Regulations states that local associations of employees described in Section 501(c)(4) are expressly entitled to exemption under Section 501(a). As conditions to exemption, it is required (1) that the membership of such an association be limited

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]					
Date	4/3/86	4/7/86					

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to the employees of a designated person or persons in a particular municipality, and (2) that the net earnings of the association be devoted exclusively to charitable, educational or recreational purposes. The word "local" is defined in paragraph (b) of Section 1.501(c)(12)-1.

Section 1.501(c)(12)-1(b) of the Income Tax Regulations states that the phrase "of a purely local character" applies to benevolent life insurance associations, and not to other organizations specified in Section 501(c)(12). It also applies to any organization seeking exemption on the ground that it is an organization similar to a benevolent life insurance association. An organization of a purely local character is one whose business activities are confined to a particular community, place, or district irrespective, however of political subdivisions. If the activities of an organization are limited only by the borders of a State, it cannot be considered to be purely local in character.

Based on the information submitted and the applicable law cited above, we conclude that you are not operating as an employees association of a purely local character. Therefore, you do not qualify for exemption from Federal income tax as an organization described in Section 501(c)(4) of the Code nor do you qualify under any other paragraph of Section 501(c) of the Code.

In accordance with this determination you are required to file Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]
District Director

Enclosure: Publication 892